

## Message Text

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PAGE 01 NEW DE 08656 161311Z

ACTION NEA-10

INFO OCT-01 ISO-00 EB-07 OMB-01 AID-05 COME-00 TRSE-00

CIAE-00 INR-07 NSAE-00 XMB-02 EPG-02 L-03 /038 W

-----170031Z 091855 /64

R 161221Z JUN 77

FM AMEMBASSY NEW DELHI

TO USDA WASHDC

INFO SECSTATE WASHDC 4152

CONFIDENTIAL NEW DELHI 8656

EO 11652: NA

TAGS: EAGR, IN

SUBJ: PEANUT OIL

REF: A. STATE 131918, B. STATE 134959, C. NEW

DELHI 8130

FROM AMBASSADOR GOHEEN TO ASST SECY HATHAWAY

1. IN THE PAST FEW DAYS, MY STAFF HAS HAD OCCASION TO DISCUSS THE OFFERS DESCRIBED IN REF (A) WITH MINISTRY OF FINANCE OFFICIALS. YESTERDAY, IN PARTICULAR, MINISTER BAIJAL, HOME ON CONSULTATIONS FROM WASHINGTON SAID THE PRICE SPREAD BETWEEN THE OFFER AND THE MARKET PRICE WAS POLITICALLY UNACCEPTABLE FOR THEM. IT WOULD LEAD, HE THOUGHT, TO CHARGES FROM THE NOW REVITALIZED PARLIAMENT, THAT INDIA WAS BEING ASKED TO SUBSIDIZE AMERICAN PRODUCERS OF PEANUT OIL. WHILE HE RECOGNIZED OUR OWN POLITICAL PROBLEMS IN RELEASING THE OIL TO FOREIGN BUYERS AT PRESENT MARKET PRICES, HE HOPED THAT THE USG COULD FIND A WAY TO ABSORB THE DIFFERENCE.

2. BAIJAL'S POINT ABOUT PARLIAMENTARY CRITICISM IS WELL TAKEN. SINCE THE ELECTIONS HERE, INDIA'S SOCIETY HAS BECOME A VERY OPEN ONE. THE PRESS IS FREE AND ACTIVE.

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QUESTIONS FROM THE FLOOR OF PARLIAMENT ARE TAKEN SERIOUSLY AND SUITABLE RESPONSES ARE EXPECTED. THE INDIA GOVERNMENT THAT WOULD PAY SUCH A PREMIUM PRICE FOR A COMMODITY FROM RICH AMERICA WOULD BE A JUICY TARGET FOR BOTH PRESS AND OPPOSITION MEMBERS.

3. AT THE SAME TIME, THE NEW GOVERNMENT IS COMMITTED TO

HOLDING DOWN THE PRICE OF ESSENTIAL COMMODITIES, ESPECIALLY THOSE THAT ARE CONSUMED BY THE POOR. HAVING SUFFICIENT PEANUT OIL FOR PRICE STABILIZATION, THEREFORE, IS VERY IMPORTANT FOR THEM. THEY WOULD LIKE TO BUY AS MUCH AS THEY CAN AND ARE WILLING TO PAY CASH FOR IT.

4. THE STICKING POINT IS, OF COURSE, THE PRICE. IS THIS IN FACT NOT NEGOTIABLE? ARE THERE OTHER ALTERNATIVES WE MIGHT OFFER? AS INDICATED IN REF (C), I WOULD LIKE TO BE RESPONSIVE TO THIS FIRST REQUEST MADE TO ME BY THE INDIAN GOVERNMENT IF IT IS POSSIBLE TO DO SO. I AM AWARE THAT WE CAN ARGUE THAT OUR OWN POLITICAL PROBLEMS ARE Equally SENSITIVE, BUT THEY HAVE A STRONG MORAL CASE IN MAKING THIS ESSENTIAL FOOD AVAILABLE TO THE POOR OF INDIA.

5. I PLAN TO RESPOND TO THE MINISTER AS SOON AS POSSIBLE BASED ON REF B AND WHATEVER COMMENTS YOU CAN PROVIDE ME.  
GOHEEN

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NNN

## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**TAGS:** EAGR, EPAP, NUTS, IN  
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**Review Markings:**  
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